

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)	
CHESAPEAKE UTILITIES CORPORATION FOR)	
APPROVAL OF THE ISSUANCE OF)	PSC DOCKET NO. 19-0228
COMPANY STOCK AND LONG-TERM DEBT)	
(FILED APRIL 15, 2019))	

ORDER NO. 9395

AND NOW, this 21st day of May, 2019, the Delaware Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on April 15, 2019, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Commission, pursuant to 26 Del. C. § 215(a)(2), an application ("Application") seeking approval of the issuance of up to \$350 million of unsecured long-term debt securities ("LTD") and the issuance of approximately 1,704,545 shares of common stock for a total of \$150 million in equity; and

WHEREAS, Chesapeake stated that, on approval of the Application, the Company's Officers will request the Board of Directors ("BOD") to authorize the issuance of up to \$150,000,000 of unsecured LTD over the "next few" months (Application, ¶ 8); and

WHEREAS, Chesapeake stated that it expects to use the unsecured LTD proceeds to increase its capacity under a shelf arrangement previously approved by the Commission in Order No. 8770 (Aug. 4, 2015) (Application, ¶ 5); and

WHEREAS, according to the Application, the unsecured LTD financing is consistent with the Company's current debt covenants, which limit the level of its unsecured debt to total capitalization to 65%. (Application, ¶ 7). Moreover, the interest rates on the proposed

debt issuance are competitive, with the interest rate on up to \$350 million of new debt issuance expected to be at or below 5.00%, plus any premium for delayed drawdown, which the Company expects to be less than 0.50%. (Application, ¶ 8); and

WHEREAS, in the Application, Chesapeake is also requesting approval to issue approximately 1,704,545 shares¹ of voting common stock for a total of \$150,000,000 to fund the projected 2019 capital expenditures of \$168 million in its regulated natural gas distribution and transmission business segments plus potential future capital projects (Application, ¶¶ 5, 6); and

WHEREAS, in Order No. 9387 (May 7, 2019), the Commission found good cause to extend the period for consideration of this Application beyond the 30 days provided for in 26 Del. C. § 215(d) until May 21, 2019; and

WHEREAS, pursuant to 26 Del. C. § 215(a)(2), no public utility, without having first obtained the approval of the Commission, shall issue any stocks, stock certificates, or notes, bonds or other evidences of indebtedness payable in more than 1 year from the date thereof; and

WHEREAS, 26 Del. C. § 215(d) provides that the Commission must approve any issuances when it finds the same to be made in accordance

¹ The number of shares requested was estimated based on a \$88 share price and is intended to enable the Company to raise \$150 million in equity funding. The actual number of shares to be issued would depend on the share price at the time of issuance.

with law, for a proper purpose, and is consistent with the public interest; and

WHEREAS, the Commission Staff ("Staff") has examined the Application and its schedules and exhibits and concludes that the Company has complied with the requirements of 26 Del. C. § 215(d) in that the proposed issuances will be made in accordance with law, for a proper purpose, and is consistent with the public interest for the reasons set forth above. Accordingly, Staff recommends that the Commission approve Chesapeake's Application subject to the following conditions: (i) Commission approval of this Application shall not be construed as a decision regarding the appropriate ratemaking treatment of these LTD and stock issuances in future case filings; (ii) Chesapeake must obtain the prior approval of its BOD as to the actual amount of stock to be issued and the terms and conditions of any issuance before such issuances are made; (iii) within 30 days of the closing of the issuance of up to \$350,000,000 of LTD, the Company must file copies of its fully executed note agreement for this Application with the Commission; and (iv) Chesapeake must obtain any additional necessary approvals from the Maryland and/or Florida Public Service Commission and comply with all applicable federal securities laws;

**NOW, THEREFORE, IT IS ORDER BY THE AFFIRMATIVE VOTE OF
NOT FEWER THAN THREE COMMISSIONERS:**

1. That the Application filed with the Commission on April 15, 2019 requesting Commission approval, under 26 Del. C. § 215(a)(2), for Chesapeake's issuance of up to \$350 million of unsecured LTD in

addition to the issuance of approximately 1,704,545 shares of common stock for a total of \$150 million in equity is granted subject to the following conditions:

a. Commission approval of this Application shall not be construed as a decision regarding the appropriate ratemaking treatment of these LTD and stock issuances in future case filings;

b. Chesapeake must obtain the prior approval of its BOD as to the actual amount of stock to be issued and the terms and conditions of any issuance as well as the actual amount of LTD to be issued and the terms and conditions of any issuance before such issuances are made;

c. Within 30 days of the closing of the issuance of the up to \$350,000,000 of LTD, the Company must file copies of its fully executed note agreement for this application with the Commission; and

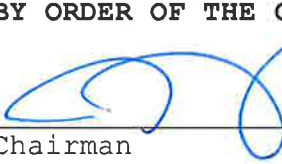
d. Chesapeake must obtain any additional necessary approvals from the Maryland and/or Florida Public Service Commission(s) and comply with all applicable federal securities laws.

2. That nothing in this Order shall be construed as a guarantee, warranty, or representation by the State of Delaware or by any agency, commission, or department thereof with respect to the indebtedness of Chesapeake that may be issued or incurred under the Application approved by this Order.

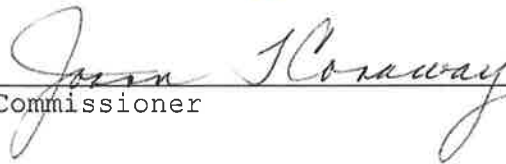
3. That Chesapeake is hereby placed on notice that it will be charged with the costs of the proceeding under the provisions of 26 Del. C. § 114(b) (1).

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:



Chairman



Commissioner

Commissioner



Commissioner

Commissioner

ATTEST:


Secretary